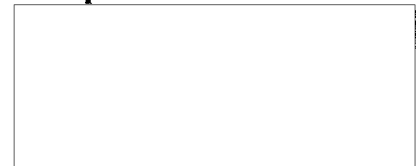




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BRIEFS AND COMMENTS

USSR-US-CHINA: Reaction to Deng Visit

25X1 *The Soviets continue to stress publicly and privately that the US should disassociate itself from Vice Premier Deng Xiaoping's (Teng Hsiao-ping's) anti-Soviet rhetoric.*

25X1 In a meeting with visiting Environmental Protection Agency head Costle yesterday, Premier Kosygin complained that Deng was being received as if he were an "icon" even though what he was saying was equivalent to a "proclamation of war." A scholar at the USA Institute in Moscow told a US Embassy officer Thursday that US silence thus far suggested US agreement with Deng's statements. He added that while he did not think a US failure to reassure the Soviets would necessarily influence Soviet-US relations in a practical way--that is, affect the timing of President Brezhnev's trip to Washington--it could not but have an indirect impact on Soviet relations with the US.

25X1 Soviet media attention to the visit has been limited but will undoubtedly increase as the visit draws to a close and the Soviets have had a chance to assess its results. *Pravda* yesterday did carry the TASS dispatch from Washington calling for clarification of US policy regarding detente, arms control, and creating a "united front against the Soviet Union." Soviet media continue to be far harder on the Chinese than they are on the US. Even the TASS piece calling for clarification of US intentions portrays Deng's statements as an attempt to undermine President Carter's efforts to conclude a SALT agreement.

25X1 The Soviets have also replayed US press reports that the President in his talks with Deng warned China against "any steps against Vietnam" and picked up his press conference remarks on 26 January to the effect that he seeks balanced relations with China and the USSR.

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RHODESIA: White Attitudes

The vote on Tuesday approving the proposed majority rule constitution was a strong endorsement of Prime Minister Smith's position that black rule under the proposed constitution is the whites' only rational choice. While the vote will reinforce white determination to support the internal settlement, the white community believes that a transfer of power to a government of national unity next May will not end the fighting.

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Most white Rhodesians have mixed feelings about their future under a government led by blacks. Nevertheless, their support of the proposed constitution suggests that they are prepared to accept its guarantees of continuing heavy white influence. The whites, moreover, probably believe that a black-led government will be responsive to their interests because it will need white economic and military support. The small number of whites who favor an alternative solution--be it a federation or a "return to legality" under British rule--are now left without a major political issue and are unlikely to have much impact on the political process leading to the national election in April.

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//Most whites see a major accommodation with the guerrillas as the only alternative to the internal settlement. Their hope is that the transfer of power to a black government will persuade the UK and the US to lift sanctions. They also hope that it will encourage many guerrillas to cease fighting.

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[redacted]

USSR: Release of Grain Reserves

25X1 *The Soviets, despite a record 1978 grain crop, apparently decided to utilize strategic reserves of grain to support the livestock program. The stock releases follow feed shortfalls in certain areas of the European USSR.* [redacted]

25X1 In a speech at the Central Committee Plenum last November, President Brezhnev cited cold weather and constant rains in the nonblack soil zone in northern European Russia and the Baltic region as prompting the Politburo to adopt "major measures" to ensure the successful wintering of cattle and adequate preparation for the new agricultural year. Subsequently, a large quantity of feed concentrates was distributed from state reserves.
[redacted]

25X1 The regime is being faced with rising requirements for grain to support the rapid increases in livestock production necessary to meet its commitments to provide consumers with more meat. Reliance on imports to ensure adequate grain supplies has been a major contributing factor to the growing Soviet hard currency deficit. By releasing strategic reserves rather than increasing imports, the Soviet leadership appears to be minimizing hard currency outlays while maintaining the recent high level of grain use. [redacted]

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[redacted]

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THAILAND: The Economy and Effects of the War

Prime Minister Kriangsak will meet with US business and financial leaders during his visit to the US next week, and he is likely to urge increased private investment in Thailand, particularly in the rapidly growing manufacturing sector. Bangkok is concerned because the unsettled domestic political situation has depressed foreign inflows in recent years and because the upheaval in Kampuchea could undermine Thailand's steady economic progress since the early 1970s. Although the local business community's confidence in Thailand's near-term economic prospects has not appreciably weakened, the recent fighting in Kampuchea has made the investment climate uncertain.

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The Vietnamese invasion of Kampuchea came as the Thai economy was showing its best performance in several years. Real growth reached an estimated 8 percent in 1978, and the agricultural sector rebounded from the 1977 drought. The small but rapidly growing manufacturing sector showed a 10-percent increase in output, and manufacturing should play an increasingly prominent role in the economy in the 1980s. Thai industry--which has stressed labor-intensive consumer goods--is now diversifying and exporting more sophisticated products.

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Accelerating inflation and the increasing foreign trade deficit are the leading economic concerns. Bangkok does not expect a decrease in inflation in 1979; although food prices are expected to stabilize, prices for oil and raw materials will be higher. Thai officials are also forecasting a trade deficit this year at least as large as that of 1978, largely because of imported capital goods destined for major investment projects in paper, cement, and natural gas.

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The exploitation of large offshore natural gas deposits in the Gulf of Thailand will have a substantial impact on the Thai economy over the next few years. Two US-owned companies have discovered gas fields with reserves of about 5 trillion cubic feet. Bangkok is counting on the gas to ease its huge import bill and to encourage an upsurge of foreign investment in nonoil sectors of the economy.

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SOUTH KOREA: Dissidents' Plans

//The strong showing by the South Korean opposition party in the National Assembly election last December seems to have encouraged dissident leaders in Seoul to plan for stepped-up demonstrations against the government. Kim Tae-chung, President Pak's leading political foe, believes opposition forces have grown in strength, but we believe he has overestimated the extent of dissatisfaction.//

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//Kim, who was released from prison in December, told the US Embassy this week that he plans to head a broad front in a challenge to Pak. He apparently hopes to add the organizational skills of several former assemblymen to the strength of church groups, students, intellectuals, and labor activists. The extent of the front's organizing work is still unclear, but the activist Korean National Council of Churches reportedly broached the idea of a new opposition coalition to Kim last month.//

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//Kim senses a hardening in public opposition to the Pak government. Besides the decline in the ruling party vote in the assembly poll, he cited the recent outspoken behavior of dissident groups as evidence that there is a foundation for more aggressive protests.//

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//Kim may be overly optimistic in both cases. The election reflected more a concern with bread-and-butter issues than a new level of public dissatisfaction with Pak. Greater human rights activism, meanwhile, is an outgrowth of Seoul's increased tolerance of dissent.//

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Even so, more antigovernment activity is inevitable this year. In particular, the dissidents are likely to press for the repeal of Emergency Measure Nine, which prohibits criticism of the government. Seoul is determined to project a liberal image and will take pains not to appear too repressive.

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PAKISTAN: Decision on Bhutto

//The long-awaited Supreme Court decision on former Prime Minister Bhutto's appeal of his murder conviction and death sentence may be imminent. On Thursday, all police in the capital area reportedly were placed on alert and all leaves were canceled. Vehicles, arms, ammunition, and riot control equipment were issued. [REDACTED]

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[REDACTED]
These moves appear precautionary, in anticipation of the court's decision and possible pro-Bhutto demonstrations. If the Court sustains the verdict and sentence, Bhutto's fate presumably will rest with President Zia-ul-Haq.

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CONGO: Plotting

The French Ambassador in Brazzaville reports that Congolese President Yhomby Opango, a northerner, may attempt to preempt a move he expects by leftwing, southern civilians to remove him from power at a party meeting scheduled for Monday. He has been under fire for assuming power illegally following the assassination of his predecessor in 1977. According to the Ambassador, if a test of strength developed, regular army units supporting Yhomby would probably be pitted against party militia, students, and labor. Despite a tense atmosphere in Brazzaville, these are no outward signs of unusual security activity.

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